



# NEWS TO USE

A newsletter for PERSI Employers

December 2003  
• 2004 interest  
• Teams to improve phone service  
• Elected/appointed retiring "in place"

## 2004 interest rates

### Interest Paid to Members

Effective January 1, 2004, the regular interest rate members receive on their PERSI Base Plan account will be 3.22% for the year.

The Regular Interest Rate credited to member accounts is equal to PERSI's net investment return rate. The rate for each calendar year is based on the annual net rate of return at the end of the previous fiscal year (June 30). PERSI realized a net return of 3.22% for fiscal year 2003.

### Interest Paid for Buybacks

The interest charged to members who are making repayments to the Base Plan for 2004 is 6.17%. This is based on the 3-year average of the Prime Rate plus one-percent. (Determined as of June 30 the previous year to be effective January 1 each year.) Any interest paid by a member goes into their own account, not to PERSI.

If a member is currently making payments, and wants to begin additional payments to pay off the total faster, they may do so at the same locked interest rate of their original payment.

There is no limit on how long they may take to repay as long as they cover the interest. The faster they repay, the less interest they pay. If they terminate work, they may continue to make taxed payments at the locked-in rate.

## Team approach will provide improved phone service to you

To improve our customer service to you and our members, PERSI has started a new team approach to answering phone calls. We now have direct dial numbers by topic or need, instead of by individual staff member. A team of several PERSI staff members will be able to help on a topic, instead of just one specific person. We are not adding staff to do this, we are doing cross-training and sharing of responsibilities. We believe this will make it easier for you to reach "a live person" when you call, and to receive the help you need faster. Already we are noticing less voice mail and call-backs because customers do not need to leave messages. We plan to gradually create more topic groups. Initially, these are the new help lines:

Separations	287-9311
Retiree Insurance	287-9312
Retiree Sick Leave	287-9312
Retiree Direct Deposit	287-9313
Retiree Taxes	287-9313
Retiree Address Changes	287-9313
Retirement Calculations (Benefit Analysts)	287-9314
Deaths	287-9315
Divorce	287-9316

Or you may continue to call 334-3365 or 1-800-451-8228, but now instead of asking for a specific person, you may just mention the topic.

## Board recommends 2.2% retiree COLA

The PERSI Retirement Board is recommending a full discretionary Cost of Living Allowance (COLA) of 2.2% for all PERSI retirees. PERSI's investments earned 3.7% before expenses in FY03 and the fund's amortization period is below 25 years, allowing the Retirement Board voted to grant the full COLA.

Most private pension plans do not grant COLAs, so over the years, pensioners lose considerable purchasing power due to inflation.

The 2.2% COLA equals the increase in the Consumer Price Index (CPI) for the year, and consists of a 1% mandatory COLA and a 1.2% discretionary COLA. By law, PERSI's COLA cannot exceed the CPI or 6%, whichever is less.

The COLA begins March 1, 2004 unless the legislature modifies it by the 45th day of the legislative session. The legislature has never modified PERSI's recommendation.

# Elected/appointed officials may retire "in place" and continue serving

## The Base Plan and Retiring "In Place"

Retirement Rule 132 allows elected or appointed officials who are at least 65 years old, working less than 20 hours per week, and who are vested, to retire "in place." This means that they may retire and collect monthly Base Plan pension benefits while continuing to work in their elected/appointed position.

Most city council members, water, fire, highway or sewer district commissioners, or board members of other agencies may stop contributing to PERSI at age 65, as long as they are vested— draw a PERSI retirement benefit, and continue to serve in their paid position.

When an elected/appointed official retires in place, all employer and employee Base Plan contributions stop, and the member ceases to earn months of service.

Retiring in place is optional. As an alternative, the member may wish to continue as an active member making contributions to PERSI and retire at a later date. Additional months of service may increase the monthly benefit from PERSI, however allowances cannot exceed the highest three year average monthly salary.

Since many members that are eligible to retire in place are not aware of this provision, employers may want to mention it to their board members or commissioners.

Interested members should check with their local Member Services Rep to determine if they are, in fact, eligible to retire in place.

### To qualify for retiring in place the member must be:

- An elected/appointed official (city council members, county commissioners, board members, water, fire, highway or sewer district commissioners, etc.)
- Working less than 20 hours per week
- 65 years old or more (members with police/fire service may retire earlier based on their mixed service retirement ratio)
- Not a double employee - meaning they do not work part time in their elected/appointed position and full-time at any PERSI employer.
- Vested - either 60 months or more of service, or immediately vested due to a "fixed" term office. (Examples of some offices that are NOT fixed term and so NOT eligible for immediate vesting include: City Clerk, Fire Chiefs, School Superintendents, Chief of Police, Secretary/Treasurer of Water Districts.)

### Steps to take when an employee retires in place.

#### 1) Complete an RS-109, Notice of Separation:

- Check Box 16. In the space provided indicate the last day of the month in which they were not retired. (Ex: They turn 65 on March 22, and their retirement "in place" becomes effective April 1, so their last

day would be March 31.)

- In Section 17 "remarks", indicate that the member is "retiring under Rule 132."

#### 2) Update your transmittal:

- On your payroll transmittal, enter the Eligibility End Date and reason on PETRA or your electronic report as you would for a terminating employee, and cease employer and employee contributions.

#### 3) Complete an RS-132, Certification of Employment of a Retired Member.

- The effective date would be the date following the date on the 109. (Using the example above, this date would be April 1.)
- The second box ("Employment of a retired member who is not an employee...") would be checked.
- Both the employee and the employer need to sign it.

## The Choice Plan 401(k) and Retiring "In Place"

Elected/appointed officials retiring "in place" may leave their funds in their Choice Plan 401(k) account and may continue to make voluntary contributions via pre-tax salary reductions. They are considered active participants in the 401(k) and so do not have to pay the \$2.50 per month account maintenance fee.

Members retiring "in place" may NOT, however, receive distributions from their 401(k) account while still serving. They are considered active participants and so may not withdraw 401(k) funds until they terminate their position.